

**CITY OF BISMARCK EMPLOYEES PENSION FUND
INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2006**

	July-06				Current Fiscal YTD	Prior Year FY06	3 Years Ended 6/30/2006	5 Years Ended 6/30/2006
	Allocation		Month					
	Market Value	Actual	Policy	Net ROR				
LARGE CAP DOMESTIC EQUITY								
Structured Growth								
LA Capital	1,219,086	2.8%	3.0%	-3.49%	-3.49%	11.88%	N/A	N/A
Total Structured Growth	1,219,086	2.8%	3.0%	-3.49%	-3.49%	11.88%	12.99%	0.19%
Russell 1000 Growth				-1.90%	-1.90%	6.12%	8.34%	-0.77%
Structured Value								
LSV	1,326,165	3.0%	3.0%	1.80%	1.80%	15.93%	21.06%	12.29%
Russell 1000 Value				2.43%	2.43%	12.10%	15.70%	6.89%
Enhanced Russell 1000 Index								
LA Capital	1,592,045	3.6%	3.8%	-1.13%	-1.13%	12.49%	12.73%	3.75%
Russell 1000				0.22%	0.22%	9.08%	12.05%	3.12%
Enhanced S&P 500 Index								
Northern Trust	1,640,079	3.7%	3.8%	0.84%	0.84%	9.33%	11.32%	2.81%
Westridge	1,710,305	3.9%	3.0%	0.65%	0.65%	8.80%	11.46%	2.80%
Wells Capital	816,345	1.9%	2.0%	-1.02%	-1.02%	N/A	N/A	N/A
Total Enhanced S&P 500 Index	4,166,729	9.4%	8.8%	0.40%	0.40%	8.58%	11.40%	2.76%
S&P 500				0.62%	0.62%	8.63%	11.22%	2.49%
S&P 500 Index								
State Street	545,038	1.2%	1.4%	0.86%	0.86%	9.62%	11.55%	2.70%
S&P 500				0.62%	0.62%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	8,849,062	20.1%	20.0%	-0.20%	-0.20%	10.93%	13.21%	3.86%
S&P 500				0.62%	0.62%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY								
Manager-of-Managers								
SEI	3,472,955	7.9%	8.6%	-3.55%	-3.55%	13.56%	18.31%	8.00%
Russell 2000 + 200bp				-3.09%	-3.09%	16.86%	21.06%	10.71%
Callan	1,347,691	3.1%	3.4%	-4.14%	-4.14%	N/A	N/A	N/A
Russell 2000				-3.25%	-3.25%			
TOTAL SMALL CAP DOMESTIC EQUITY	4,820,646	10.9%	12.0%	-3.55%	-3.55%	13.40%	18.25%	7.97%
Russell 2000				-3.25%	-3.25%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY								
Large Cap - Core								
State Street	484,932	1.1%	1.1%	1.07%	1.07%	27.85%	20.61%	6.87%
MSCI EAFE (1)				0.99%	0.99%	26.56%	20.76%	5.94%
Large Cap - Active								
Capital Guardian	1,432,591	3.2%	3.3%	0.82%	0.82%	28.01%	21.32%	6.58%
LSV	1,402,238	3.2%	3.3%	1.14%	1.14%	27.77%	N/A	N/A
Bank of Ireland	474,592	1.1%	1.1%	0.46%	0.46%	22.00%	19.16%	N/A
Total Large Cap - Active	3,309,422	7.5%	7.7%	0.90%	0.90%	27.11%	21.84%	7.14%
MSCI EAFE - 50% Hedged				0.98%	0.98%	26.72%	22.56%	6.89%
Small Cap - Active								
Lazard	457,119	1.0%	1.1%	-2.15%	-2.15%	25.04%	29.34%	N/A
Wellington	460,738	1.0%	1.1%	0.23%	0.23%	23.35%	25.26%	N/A
Total Small Cap - Active	917,856	2.1%	2.2%	-0.97%	-0.97%	24.18%	27.28%	N/A
Citigroup Broad Market Index < \$2BN				-2.00%	-2.00%	29.21%	32.38%	N/A
TOTAL INTERNATIONAL EQUITY	4,712,209	10.7%	11.0%	0.55%	0.55%	26.61%	22.77%	8.74%
MSCI EAFE - 50% Hedged				0.98%	0.98%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY								
Core								
JP Morgan	152,612	0.3%	0.3%	1.75%	1.75%	N/A	N/A	N/A
PanAgora	132,217	0.3%	0.0%	2.17%	2.17%	N/A	N/A	N/A
WestLB	135,722	0.3%	0.0%	1.42%	1.42%	N/A	N/A	N/A
UBS	238,248	0.5%	0.6%	1.71%	1.71%	N/A	N/A	N/A
Total Core	658,800	1.5%	1.3%	1.76%	1.76%	35.59%	32.44%	18.61%
MSCI Emerging Markets				1.50%	1.50%	35.91%	22.39%	12.89%
Small Cap								
DFA	143,085	0.3%	0.4%	2.22%	2.22%	N/A	N/A	N/A
MSCI Emerging Markets				1.50%	1.50%			
TOTAL EMERGING MARKETS EQUITY	801,885	1.8%	2.0%	1.84%	1.84%	34.40%	32.05%	18.40%
MSCI Emerging Markets				1.50%	1.50%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME								
Core Bond								
Western Asset	1,533,111	3.5%	3.4%	1.56%	1.56%	-1.15%	2.65%	5.96%
Lehman Aggregate				1.35%	1.35%	-0.81%	2.05%	4.97%
Index								
Bank of ND	3,023,119	6.9%	7.3%	1.25%	1.25%	-1.37%	1.53%	5.24%
Total Index	3,023,119	6.9%	7.3%	1.25%	1.25%	-0.69%	2.10%	5.27%
Lehman Gov/Credit				1.30%	1.30%	-1.52%	1.60%	5.13%
Convertibles								
TCW	1,405,356	3.2%	3.4%	-0.54%	-0.54%	4.54%	6.78%	1.15%
Merrill Lynch All Convertibles				0.23%	0.23%	9.37%	8.01%	4.94%

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	July-06				Current	Prior Year	3 Years	5 Years
	Allocation		Month	Net ROR	Fiscal YTD	FY06	Ended	Ended
	Market Value	Actual	Policy		Net ROR	Net ROR	6/30/2006	6/30/2006
Net							Net	Net
BBB Average Quality								
Wells Capital	1,505,687	3.4%	3.4%	1.52%	1.52%	-2.70%	3.36%	5.51%
Lehman BBB				1.58%	1.58%	-2.37%	2.39%	6.10%
Private Debt								
Prudential	1,536,382	3.5%	3.4%	1.39%	1.39%	-0.13%	N/A	N/A
Lehman Aggregate				1.35%	1.35%	-0.81%	N/A	N/A
Timberland								
RMK	1,190,075	2.7%	2.7%	-0.06%	-0.06%	-1.44%	7.62%	N/A
TIR	2,493,463	5.7%	5.7%	-0.03%	-0.03%	13.53%	N/A	N/A
Total Timberland	3,683,538	8.3%	8.3%	-0.04%	-0.04%	9.43%	20.37%	N/A
NCREIF Timberland Index				1.15%	1.15%	19.69%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	12,687,193	28.8%	29.0%	0.73%	0.73%	3.12%	8.91%	8.14%
Lehman Aggregate				1.35%	1.35%	-0.81%	2.05%	4.97%
HIGH YIELD BONDS								
Core								
Loomis Sayles	1,310,897	3.0%	3.0%	1.52%	1.52%	4.74%	N/A	N/A
Sutter/Wells Capital	1,313,713	3.0%	3.0%	0.92%	0.92%	4.70%	N/A	N/A
Total Core	2,624,610	5.9%	6.0%	1.22%	1.22%	4.72%	5.70%	3.38%
LB High Yield 2% Issuer Constrained Index				0.86%	0.86%	4.38%	N/A	N/A
Mezzanine Debt								
Goldman Sachs	12,839	0.0%	0.0%	0.00%	0.00%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	2,637,449	6.0%	6.0%	1.21%	1.21%	4.72%	8.34%	7.47%
LB High Yield 2% Issuer Constrained Index				0.86%	0.86%	4.38%	8.48%	8.60%
INTERNATIONAL FIXED INCOME								
International Sovereign								
UBS Global (Brinson)	2,078,011	4.7%	4.8%	0.43%	0.43%	0.13%	5.24%	9.99%
Citigroup Non-US Gov't Bond Index (2)				0.69%	0.69%	-0.11%	5.01%	9.58%
International Core								
Brandywine	2,110,589	4.8%	4.8%	1.52%	1.52%	3.89%	8.39%	N/A
Lehman Global Aggregate (ex-US)				0.00%	0.00%	3.83%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	4,188,600	9.5%	9.5%	0.98%	0.98%	2.01%	6.82%	10.91%
Citigroup Non-US Gov't Bond Index (2)				0.69%	0.69%	0.00%	5.05%	9.60%
REAL ESTATE								
INVESCO	2,060,619			0.00%	0.00%	23.84%	N/A	N/A
J.P. Morgan Strategic & Special Funds	2,044,940			1.31%	1.31%	21.05%	17.14%	12.52%
J.P. Morgan Alternative Property Fund	461,516			0.00%	0.00%	N/A	N/A	N/A
TOTAL REAL ESTATE	4,567,075	10.4%	9.5%	0.59%	0.59%	22.09%	17.14%	12.52%
NCREIF TOTAL INDEX				1.32%	1.32%	18.22%	15.63%	12.19%
ALTERNATIVE INVESTMENTS								
Coral Partners V	22,451			0.00%	0.00%	8.74%	-15.32%	-24.06%
Coral Partners V - Supplemental	2,039			0.00%	0.00%	10.53%	10.33%	N/A
Coral Partners VI	31,620			0.00%	0.00%	-6.22%	-10.14%	N/A
Brinson 1998 Partnership Fund	6,024			0.00%	0.00%	16.52%	15.11%	1.97%
Brinson 1999 Partnership Fund	10,760			0.00%	0.00%	14.27%	12.72%	-1.26%
Brinson 2000 Partnership Fund	31,826			0.00%	0.00%	28.22%	17.90%	3.70%
Brinson 2001 Partnership Fund	18,043			0.00%	0.00%	19.85%	9.95%	3.22%
Brinson 2002 Partnership Fund	12,157			0.00%	0.00%	32.42%	13.22%	N/A
Brinson 2003 Partnership Fund	2,945			0.00%	0.00%	25.48%	6.77%	N/A
Brinson 1999 Non-US Partnership Fund	5,506			0.00%	0.00%	40.48%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	6,227			0.00%	0.00%	35.03%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	9,039			0.00%	0.00%	27.25%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	12,573			0.00%	0.00%	38.11%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	7,229			0.00%	0.00%	31.08%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	3,150			0.00%	0.00%	24.56%	N/A	N/A
Brinson BVCF IV	40,014			0.00%	0.00%	31.35%	19.07%	0.41%
Matlin Patterson Global Opportunities	31,996			0.00%	0.00%	-11.68%	26.48%	N/A
Matlin Patterson Global Opportunities II	55,204			0.00%	0.00%	-0.85%	N/A	N/A
InvestAmerica	9,647			0.00%	0.00%	0.00%	-9.20%	N/A
Hearthstone MSII	0			0.00%	0.00%	-100.00%	-100.00%	-100.00%
Hearthstone MSIII	8,737			0.00%	0.00%	59.61%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (3)	327,187	0.7%	1.0%	0.00%	0.00%	11.08%	10.40%	-2.89%
CASH EQUIVALENTS								
Northern Trust STIF/STEP	527,005	1.2%	0.0%	0.30%	0.30%	4.31%	2.64%	2.41%
90 Day T-Bill				0.42%	0.42%	4.00%	2.37%	2.25%
TOTAL FUND	44,118,311	100.0%	100.0%	0.09%	0.09%	9.13%	12.57%	7.23%
POLICY TARGET BENCHMARK				0.38%	0.38%	6.25%	8.80%	5.55%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual